

All told, it is estimated that 85 percent of all crime committed in the United States is somehow related to either drug or alcohol addiction. Furthermore, U.S. taxpayers spend an average of \$150 billion per year in drug-related criminal and health care costs. Moreover, since last year we have learned of the insidious link between the drug trade and international terrorism.

Equally troubling is the long term impact on the families, and especially the children, of alcoholics and drug abusers. Far too many children grow up in homes where one or both parents consume are more likely to suffer abuse or neglect from their parents, and have a higher risk of becoming alcoholics or addicts themselves.

We have made enormous progress in improving drug and alcohol awareness. Thanks to the tireless efforts of groups like mothers against drunk driving, alcohol-related traffic fatalities have decreased considerably from thirty years ago.

Yet we still have far to go. Far too many people do not view alcohol as a drug, and an alarming number of Americans do not realize that various alcoholic beverages contain different amounts of alcohol.

We also have far to go on the drug front as well. Recent years have seen a proliferation of efforts to create back doors to legalization, best shown by the medical marijuana argument. However, anti-drug efforts are seeing signs of finally working after years of neglect. A return to a balanced approach that attacks both the supply and demand side of the problem has made a difference.

Drug treatment is an important component of demand reduction that has proven itself to work, but it requires enormous commitment on the part of both doctor and patient. This is especially true for those addicted to opiate narcotics and alcohol.

H. Res. 569 supports the President's argument that the current time is ideal to reinvigorate the American people public in the war on drugs. In implementing this strategy, we should apply the recent lessons learned to formulate a balanced approach that attacks both demand and supply of illicit drugs.

The President has outlined a bold strategy that is designed to: Stop drug use before it starts, provide appropriate treatment for America's drug users, and disrupt the current illicit drug market.

I have spent the last thirty years in the Congress fighting the scourge of illegal drugs. I am pleased to see an administration that is strongly committed to this goal, and recognizes the dangers posed by this illicit trade, both in lives affected, wasted talent, and the turmoil caused by drug-financed terrorism.

Success in our drug war requires the commitment of every American. This resolution is a good start. I therefore urge its adoption.

Mr. SOUDER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CANTOR). The question is on the motion offered by the gentleman from Indiana (Mr. SOUDER) that the House suspend the rules and agree to the resolution, House Resolution 569.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the resolution was agreed to.

A motion to reconsider was laid on the table.

## ACCOUNTABILITY OF TAX DOLLARS ACT OF 2002

Mr. HORN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4685) to amend title 31, United States Code, to expand the types of Federal agencies that are required to prepare audited financial statements, as amended.

The Clerk read as follows:

H.R. 4685

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

### SECTION 1. SHORT TITLE.

This Act may be cited as the "Accountability of Tax Dollars Act of 2002".

### SEC. 2. AMENDMENTS RELATING TO AUDITING REQUIREMENT FOR FEDERAL AGENCY FINANCIAL STATEMENTS.

(a) IN GENERAL.—Section 3515 of title 31, United States Code, is amended—

(1) in subsection (a)—

(A) by striking "Not later" and inserting "(1) Except as provided in subsection (e), not later";

(B) by striking "each executive agency identified in section 901(b) of this title" and inserting "each covered executive agency"; and

(C) by striking "1997" and inserting "2003";

(2) in subsection (b) by striking "an executive agency" and inserting "a covered executive agency";

(3) in subsection (c) and (d) by striking "executive agencies" each place it appears and inserting "covered executive agencies"; and

(4) by adding at the end the following:

"(e)(1) The Director of the Office of Management and Budget may exempt a covered executive agency, except an agency described in section 901(b), from the requirements of this section with respect to a fiscal year if—

"(A) the total amount of budget authority available to the agency for the fiscal year does not exceed \$25,000,000; and

"(B) the Director determines that requiring an annual audited financial statement for the agency with respect to the fiscal year is not warranted due to the absence of risks associated with the agency's operations, the agency's demonstrated performance, or other factors that the Director considers relevant.

"(2) The Director shall annually notify the Committee on Government Reform of the House of Representatives and the Committee on Governmental Affairs of the Senate of each agency the Director has exempted under this subsection and the reasons for each exemption.

"(f) The term 'covered executive agency'—

"(1) means an executive agency that is not required by another provision of Federal law to prepare and submit to the Congress and the Director of the Office of Management and Budget an audited financial statement for each fiscal year, covering all accounts and associated activities of each office, bureau, and activity of the agency; and

"(2) does not include a corporation, agency, or instrumentality subject to chapter 91 of this title."

(b) WAIVER AUTHORITY.—

(1) IN GENERAL.—The Director of the Office of Management and Budget may waive the application of all or part of section 3515(a) of title 31, United States Code, as amended by this section, for financial statements required for the first 2 fiscal years beginning after the date of the enactment of this Act for an agency described in paragraph (2) of this subsection.

(2) AGENCIES DESCRIBED.—An agency referred to in paragraph (1) is any covered ex-

ecutive agency (as that term is defined by section 3515(f) of title 31, United States Code, as amended by subsection (a) of this section) that is not an executive agency identified in section 901(b) of title 31, United States Code.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. HORN) and the gentlewoman from Illinois (Ms. SCHAKOWSKY) each will control 20 minutes.

The Chair recognizes the gentleman from California (Mr. HORN).

□ 1415

### GENERAL LEAVE

Mr. HORN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 4685.

The SPEAKER pro tempore (Mr. CANTOR). Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HORN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, H.R. 4685, the Proposed Accountability of Tax Dollars Act of 2002, was introduced on May 8 by the distinguished gentleman from Pennsylvania (Mr. TOOMEY). This bill would expand the number of Federal agencies that are required to prepare audited financial statements each year. At present, only 24 Departments and agencies are covered by the Chief Financial Officers Act of 1990, as amended. They now must meet this requirement.

This bill would require that most executive branch agencies produce annual audited financial statements. However, the Office of Management and Budget could exempt agencies with annual budgets of less than \$25 million a year. However, to do so it must determine that those agencies do not present risk factors that warrant audited financial statements. I expect this waiver authority to be used rarely, if ever. The bill would also permit the Office of Management and Budget to phase in the financial statement requirement over a 2-year period. This provision would give agencies additional time to prepare if they need it.

The Enron debacle and similar events underscored the need for honest and accurate financial reporting in the private sector. I can assure you, Mr. Speaker, that this need is just as critical in the Federal Government. The Subcommittee on Government Efficiency, Financial Management and Intergovernmental Relations, which I chair, has held countless hearings on the pervasive financial management problems that confront most Federal agencies. Requiring annual audited financial statements will not solve all of those problems; however, it will bring more agencies closer to providing reliable financial information and holding them accountable to the American taxpayers.

We should bring behavior sanctions to Federal financial officers, who misuse fiscal management.

Many agencies that are not currently required to provide audited financial statements recognize their value. A recent survey conducted by the General Accounting Office found that 12 such agencies were voluntarily producing audited financial statements.

During our subcommittee's May 14 hearing on H.R. 4685, witnesses from four or more of those agencies testified to the importance of audited financial statements in achieving greater accountability.

H.R. 4685 is a bipartisan and commonsense bill. It has the strong support of the General Accounting Office headed by the Comptroller General of the United States and the Office of Management and Budget headed by the director that reports to the President.

Enactment of this bill will help ensure greater accountability over the billions of tax dollars the Federal Government spends each year. I urge all of my colleagues to support this important bill.

Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Pennsylvania (Mr. TOOMEY), who has done really an excellent job. He has been in and over every line and has spent quite a few hours and weeks on this legislation.

Mr. TOOMEY. Mr. Speaker, I thank the chairman for yielding me time.

Mr. Speaker, I rise today to urge my colleagues to support H.R. 4685, the Accountability for Tax Dollars Act.

Mr. Speaker, I first introduced this bill actually in the 106th Congress as a good government measure to combat waste, fraud, and abuse at Federal agencies. I reintroduced this legislation in this Congress with bipartisan support.

The Subcommittee on Government Efficiency, Financial Management and Intergovernmental Affairs of the Committee on Government Reform then held a hearing and a markup of the bill before reporting it out favorably. And I want to thank very much the subcommittee chairman, the gentleman from California (Mr. HORN), not only for his support for this legislation, without his help we would not have this bill on the floor today, but in addition to that help, I want to thank him for his career-long commitment to improving the operations of government, improving the management and effectiveness and efficiency, as well as the accountability, of government. The gentleman from California deserves to be recognized for that commitment.

Mr. Speaker, I decided to introduce this legislation when I discovered, much to my surprise, that actually a majority of Federal agencies are not required by law to prepare audited financial statements even though, of course, we mandate that publicly traded private enterprises do in fact perform such audited financial statements. This strikes me as unacceptable for several reasons: first, the agencies themselves really need reliable financial statements in order to evaluate

their own operations and operate efficiently. But, secondly, Congress has an important oversight responsibility over all of these agencies. And we cannot conduct that oversight properly if we do not have reliable financial information.

Thirdly, taxpayers themselves ought to be able to look at financial information that they can rely upon so they can evaluate whether their Federal tax dollars are being used appropriately and efficiently.

Finally, the government ought to be willing to impose upon itself those mandates that we are willing and able to impose on the private sector. It is a little bit ironic that Federal law requires, as I said, that publicly traded private companies file audited financial statements with whom? With the SEC. The SEC, who ironically is not required to prepare such audits on themselves.

It is interesting Congress did not formally require that any agency prepare audits on its financial statements until fiscal year 1996. And even then we only required 24 of the largest agencies, those covered by the Chief Financial Officers Act, to perform these audits. The list of agencies that do not audit their financial statements includes large agencies charged with very significant regulatory and fiduciary responsibilities, including the Federal Communications Commission, the Securities and Exchange Commission, the Commodities and Futures Trading Commission, the Equal Employment Opportunity Commission, and the National Labor Relations Board, just to name a few.

Well, in the process of evaluating this issue, I asked the General Accounting Office to survey agencies which are not required to prepare audited financial statements in order that we could learn a little bit about them, and specifically to determine what degree of effort would be required for agencies to implement this requirement, and also whether non-CFO agencies that voluntarily do audit their own financial statements, and there are a number of do, whether they have realized benefits from having done so.

The GAO study was very interesting. It found out that, first of all, the surveyed agencies reported they either achieved significant benefits or anticipated achieving major benefits from auditing their financial statements. Twenty-one of the 26 largest agencies that are not required to audit their financial statements thought that the Federal agencies in fact should be required to audit these financial statements.

All of the surveyed agencies that have voluntarily adopted a standard of auditing their statements reported significant benefits, including enhanced accountability, greater ability to identify inefficiencies and weaknesses, improved internal controls, compliance with statutory requirements, and better monitoring of assets and liabilities.

Probably the most convincing result of the GAO survey was the fact that almost all of the agencies that do not prepare audited financial statements reported that the absence of a statutory requirement was the main reason for not doing such an audit.

So what does H.R. 4685 actually do? Well, the Accountability of Tax Dollars Act of 2002 would extend the CFO act requirements currently imposed on the major agencies to all Federal agencies. The act then gives the Office of Management and Budget the authority to waive the audit requirements for agencies with annual budgets less than \$25 million. And I share the chairman's hope that this provision will be seldom, if ever, invoked.

Now to ease the transition of this new requirement, the Office of Management and Budget director will be given discretion for the first 2 years to waive the application of this provision for those agencies where he deems it necessary. The agencies covered by this bill have a combined annual budget of tens of billions of dollars, huge significant sums of money that simply should be accounted for more rigorously.

In summary, Mr. Speaker, in our current climate of budget constraints, a Federal agency really should be able to demonstrate measurable outcomes and demonstrate it with audited financial statements. Audits make an agency's transactions public so that an agency can be evaluated on how well their programs perform; and how well they are fulfilling their mission, rewarding the successful agencies, and, frankly, withholding resources from those who are failing can only be achieved if we have complete and audited financial information on which we can rely to make our judgments.

Mr. Speaker, I believe that H.R. 4685 takes us one step closer to achieving this goal. Both the GAO and the administration support this bill. It was introduced with bipartisan support. I would like to thank my colleague from Pennsylvania (Mr. KANJORSKI) for being an original cosponsor of this bill. I also want to thank the GAO for their work in looking into this issue, and my staff for the hard work that they did in determining an appropriate response to this. I relied on the expertise of the GAO and the staff and their insights regarding the costs and benefits of implementing this rule.

Once again, I want to thank the gentleman from California (Mr. HORN) for making it possible to have this bill on the floor today.

Mr. Speaker, I urge my colleagues to support this important good government legislation.

Ms. SCHAKOWSKY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 4685. It is a bill to improve the financial accountability of the executive branch agencies.

The bill before us today extends the requirements for audited financial

statements to nearly all executive branch agencies. Unfortunately, this bill provides no funds to pay for those audits. The result is that the money spent to pay for these audits would otherwise be used by the Inspectors General to investigate waste, fraud and abuse. I believe strongly that Congress should fund what it authorizes.

Mr. Speaker, I have been pleased to work with the gentleman from California (Mr. HORN) on this and other financial management activities in the Committee on Government Reform. We share a belief that sound financial management gives us greater freedom to fund the many programs designed to help the public and that shoddy financial management directly impacts every taxpayer in this country and particularly harms the most vulnerable of our citizens.

Bad financial management is a double crime. First, it is wrong to disregard the value of taxpayer funds by wasting them through mismanagement. Second, it denies taxpayers the services for which they have paid their taxes. Unfortunately, the bill we have on the floor today is not the bill we have passed out of our subcommittee. The bill we have passed included a section that required the agencies covered under this bill to conform to the accounting standards set out in the Federal Financial Management Improvement Act of 1996. The administration insisted that those provisions be stripped from the bill, or it would block the bill from coming before the House today. I find this turn of events disappointing.

I am disappointed because we are passing a weaker bill than should be passed and because we are acquiescing to an unreasonable demand by the Bush administration. Our actions send a signal to the public that Congress is not serious enough about accounting standards. If there is any time in our history that we should be demanding greater accountability from government agencies, it is today.

□ 1430

Requiring agencies to follow the standards of the Federal Financial Management Improvement Act is not new. In fact, every year, as part of its financial review of the executive branch, the General Accounting Office reports to Congress on whether each agency is conforming within the provisions of this Act. The Act requires agencies to put in place policies and systems that lead to sound financial management on a day-to-day basis. Frankly, I am puzzled that the Bush administration opposes this kind of sound financial management.

This administration talks a lot about its management initiatives and improving accountability in the government. However, it is very careful to make sure that it is the Office of Management and Budget that sets the rules by which agencies are graded. I am afraid that the administration's oppo-

sition to the accounting standards that were in this bill is just one more attempt to make sure that OMB, and not Congress, sets the standards by which agencies are judged. It is very easy to claim success when you define what success is.

The bill before us today is not just about accounting standards. The title is the Accountability for Tax Dollars Act, and I would like to speak to that topic.

The chart in the well shows the Federal deficit in surpluses for the years 1980 to 2001 and projections of the deficit through 2010. As my colleagues can see, after a few years of surplus at the end of the Clinton administration, we are back to the deficit spending of the Reagan and Bush, Senior, administrations.

I believe that it is important for the American public to understand just who is accountable in this situation. The administration would like the public to believe that the recession and the attacks of last September are responsible for these deficits, but that is not true.

The second chart, based on data from the Congressional Budget Office, shows that the single biggest cause of the deficits in this year and into the future is the Bush tax cut.

When President Clinton signaled to the world that he was serious about balancing the budget, it had an important effect. International investment began to flow into the U.S. economy and was one of the engines of the expansion of the 1990s. These deficits will have the opposite effect, holding back the economy and taking a toll on everyone.

We have already seen that happening. Last week, the Department of Commerce announced that the poverty rate was up and household income was down. The last time we saw poverty go up and income go down was during the recession in 1991.

Mr. Speaker, I support the bill before us today. However, it is unfortunate that we are not also considering a bill that I introduced, the First Things First Act. My bill truly addresses the problem of accountability for tax dollars by preventing further implementation of the Bush tax cuts, provisions that overwhelmingly benefit the rich and are fueling the Bush recession.

My bill puts further implementation of the tax cuts for the top bracket on hold until we can pay for the needs created by the terrorist attack last year, until we can ensure the solvency of Social Security and Medicare trust funds, until we can provide a comprehensive prescription drug benefit under Medicare, until we can ensure Federal funding for school modernization and hiring 100,000 teachers, and until we reduce the number of people who face homelessness and substandard housing.

Mr. Speaker, I ask that my colleagues pass the bill before us today, and I ask my colleagues to be truly accountable to the American public for

their tax dollars. It is our patriotic duty to ensure that every tax dollar is accounted for and that agencies like the Department of Defense, which cannot account for over \$1 trillion in transactions, clean up their books and their acts.

I would like to take a personal note, Mr. Speaker, to just thank the Chairman of the Subcommittee of Government Efficiency, Financial Management and Intergovernmental Relations. I want to commend him and thank the gentleman not only for the many courtesies that he has shown to me, as the ranking Democrat on that committee, and not only for the many, many things I learned from him on how to carry out the role of chairman with integrity and fairness, but I want to thank him for his service to the American people.

He has been relentless in his pursuit of government efficiency and financial management. He has had over a dozen hearings around the country on our capacity to deal with some of the threats of the terrorist attacks, and this decent and dedicated leader of our country will be deeply missed as he retires. He deserves all of our thanks.

Mr. Speaker, I yield back the balance of my time.

Mr. HORN. Mr. Speaker, I yield myself such time as I may consume.

I thank the fine speech of the gentleman from Illinois (Ms. SHAKOWSKY). She has worked in our committee on good government matters; and, of course, she comes from Chicago, so she knows where there needs a little work up there, but I thank her.

Mr. Speaker, I have no other requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CANTOR). The question is on the motion offered by the gentleman from California (Mr. HORN) that the House suspend the rules and pass the bill, H.R. 4685, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

#### SMALL WEBCASTER AMENDMENTS ACT OF 2002

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5469) to suspend for a period of 6 months the determination of the Librarian of Congress of July 8, 2002, relating to rates and terms for the digital performance of sound recordings and ephemeral recordings, as amended.

The Clerk read as follows:

H.R. 5469

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

#### SECTION. 1. SHORT TITLE.

This Act may be cited as the "Small Webcaster Amendments Act of 2002".